

MID TERM REVIEW OF THE MFF

TOWARDS A SIMPLER AND MORE FLEXIBLE SINGLE RULE BOOK FOR THE EU BUDGET





OBJECTIVES

Simplification proposal includes:

- Simplified single EU financial rule book to replace the Financial Regulation (FR) and its Rules of Application (RAP) - 85% of text;
- Simplification of 15 other legislative acts (15% - mostly amending ESI Fund rules / CPR)

Integral part ("qualitative leg") of:

- "Budget focused on results" initiative
- Multiannual Financial Framework Mid Term Review

Aim: Increase flexibility in the budget & simplify implementation to optimise EU spending from 2018 onwards



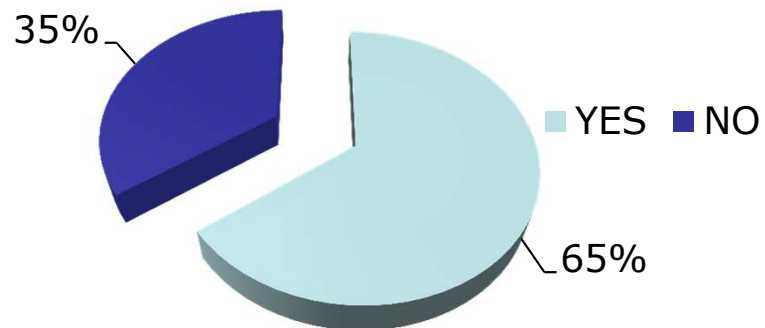
AMENDED SECTORAL ACTS (15%)

- ESIF:** Common provisions Regulation; European Social Fund; European Agricultural Fund for Rural Development; European Regional Development Fund (main part, almost 64% of sectoral provisions)
- AGRI:** Financing, management and monitoring of the common agricultural policy; rules for direct payments to farmers under support schemes; common organisation of the markets in agricultural products (20%)
- Special funds:** European Union Solidarity Fund; European Globalisation Adjustment Fund; Fund for European Aid to the Most Deprived;
- Financial instruments:** Connecting Europe Facility; Guidelines for trans-European networks in the area of telecommunications infrastructure; European Union Programme for Employment and Social Innovation
- Others:** Expenditure relating to the food chain, animal and plant health/welfare; Space Surveillance and Tracking Support

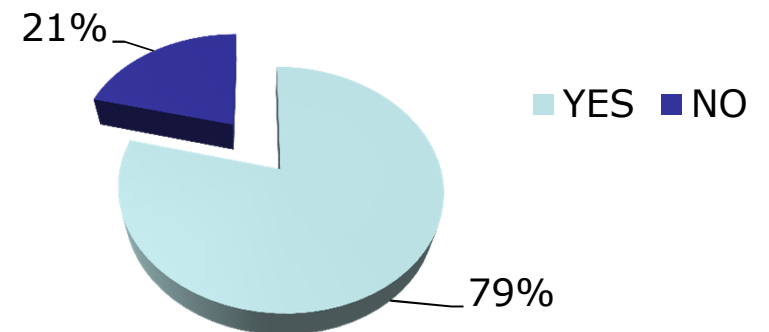
PUBLIC CONSULTATION

STAKEHOLDERS SUPPORT REFORM OF EU FINANCIAL RULES

Simplification



Flexibility



TOWARDS A SINGLE RULE BOOK LESS, SIMPLER AND MORE FLEXIBLE RULES

25% LESS TEXT
CURRENT SITUATION

Treaties
Own Resources Decision

- MFF Regulation
- Interinstitutional Agreement
- Financial Regulation : General rules +
~~Sector specific rules~~ →
- Sectoral rules: Common Provision Regulation +
14 other acts

~~Delegated Acts (no more Rules of
Application)~~
Internal rules (Commission Decision)
Guidelines, Interpretative notes, Circulars



SINGLE RULE BOOK

- Merges FR and Rules of Application
- Merges Specific rules of Part II (ESIF, Agriculture, RTD, External Relations) with the general rules of the FR
- Groups common principles for different types of EU support under a dedicated Title V – Common Rules

NO WEAKENING OF SOUND FINANCIAL MANAGEMENT

- ➔ Stronger protection against fraud and irregularities**
- ➔ Upgrade fight against tax avoidance**
- ➔ Conflict of interest rules also for Member States**



SIMPLER & MORE FLEXIBLE FINANCIAL RULES

1. Simplification for recipients of EU funds recipients
2. From multiple layers of control to cross reliance on audit & harmonisation of reporting
3. One set of rules for hybrid actions or combinations of measures
4. More effective use of financial instruments
5. More flexible budget management
6. Focus on results and streamlining of reporting
7. Simpler and leaner EU administration
8. Citizen engagement



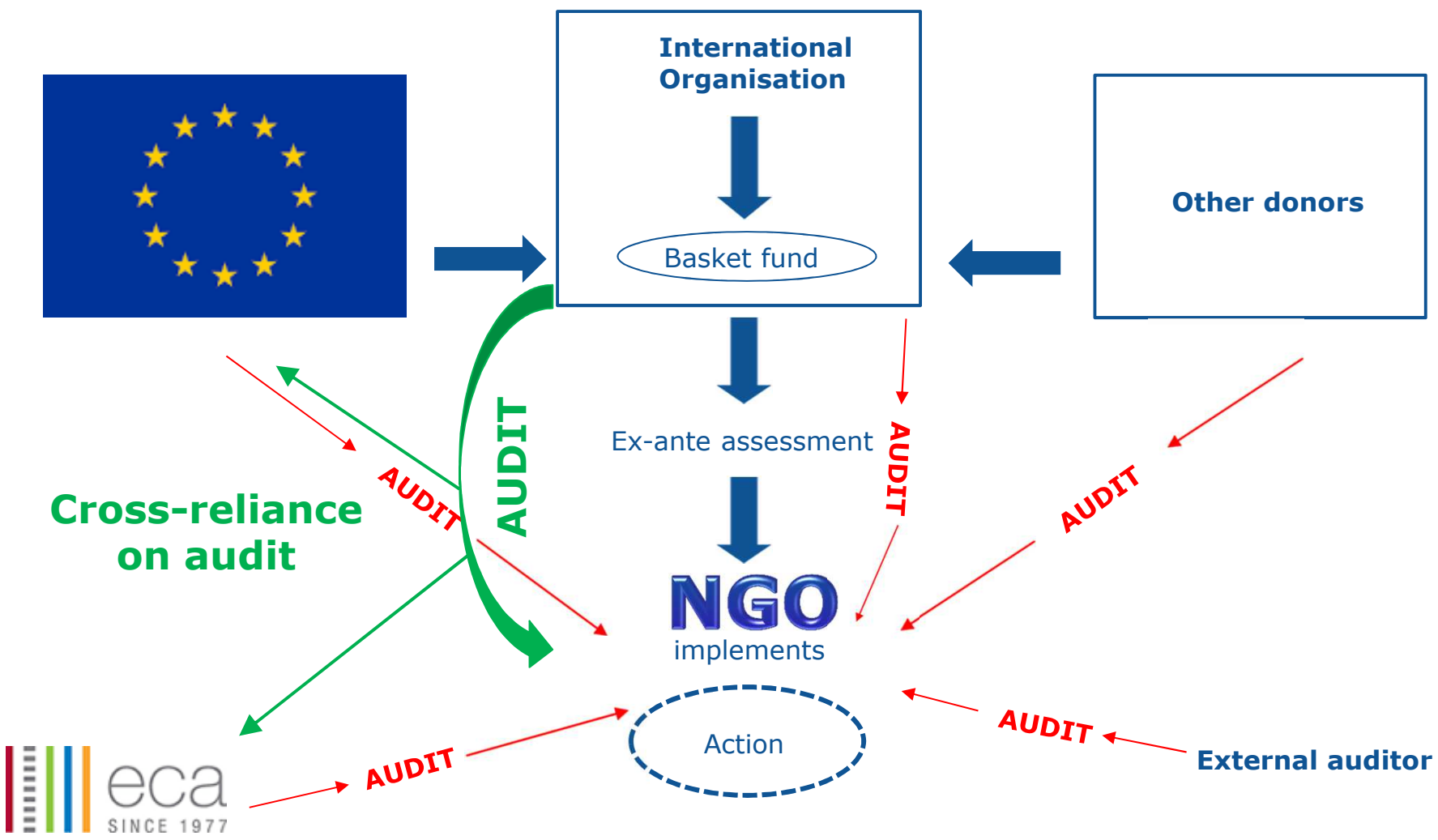
SIMPLIFICATION FOR RECIPIENTS OF EU FUNDS

- Increased and easier use of simplified cost options (SCO), reducing e.g. the need for researchers to document travel expenses or fill out time sheets
- Non-profit principle removed to avoid disincentives for beneficiaries and encourage economically sustainable projects
- Simpler rules for "contributions in kind", e.g. to facilitate accounting for volunteer work in NGO
- Simplify and increase SCO use also in shared management
- Young farmer start-up support to be granted faster



FROM MULTIPLE LAYERS OF CONTROL TO CROSS RELIANCE ON AUDIT & HARMONISATION OF REPORTING

- **AUDIT:** "Single audit" to become a reality
- **ASSESSMENT:** Cross-reliance on existing assessments
- **REPORT:** EU reporting harmonised with other donors
- **FINANCIAL FRAMEWORK PARTNERSHIP AGREEMENTS**
Partnership with long term partners: harmonisation of audit,
➔ reporting and other administrative requirements among
donors





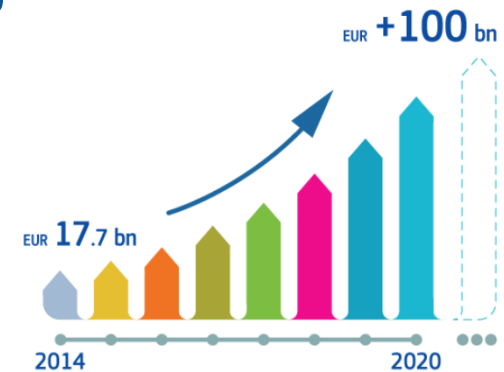
ONE SET OF RULES FOR HYBRID ACTIONS OR COMBINATIONS OF MEASURES

INCREASED INTEROPERABILITY OF DIFFERENT INSTRUMENTS & MANAGEMENT MODES

- Facilitate combination & synergies between structural funds, EU Financial Instruments & EFSI.
- Facilitate combination of Financial instruments & grants.
- Towards a single set of simpler rules applicable to all instruments: EU Financial instrument rules applicable to complementary grants, structural funds ...
- Towards a single set of simpler rules applicable to all management modes: Single management rules applicable to International partners

MORE EFFECTIVE USE OF FINANCIAL INSTRUMENTS

- Comprehensive framework for financial instruments, guarantees and financial support to Member states and 3rd countries.
- Faster fund combinations & reprogramming
- Elimination of duplicated requirements
- All revenues and repayments stay with the financial instrument
- Simpler reporting
- Stricter tax compliance
- Single set of rules



MORE FLEXIBLE BUDGET MANAGEMENT

- Flexibility cushion for external action
- Faster payments of EU Solidarity and Globalisation Adjustment Funds (EUSF & EGF)
- Authorization of EU Trust Funds *within* the EU
- For next MFF:
 - ✓ Contingent liabilities
 - ✓ EU Common Provisioning Fund



FOCUS ON RESULTS AND STREAMLINING OF REPORTING

- Possibility to establish payments based on performance, output or conditions fulfilled instead of actual costs
- Simpler output-based Joint Action Plans in European Structural Investment Funds (ESI Funds)
- Streamlining of reporting on performance ex ante (draft budget) and ex post (integrated financial reporting package)



SIMPLER AND LEANER EU ADMINISTRATION

- Cross delegation and pooling of administrative budget implementation for all institutions and bodies
- Multi-annual financing decisions
- More agile financial management for EU-Delegations and humanitarian assistance (ECHO field staff)
- Simpler rules for faster implementation of the European Structural Investments Funds (ESI Funds)



CITIZEN ENGAGEMENT

- Unpaid volunteer work expressly recognised
- Citizen consultation encouraged
- Community-led local action groups facilitated





NEXT STEPS FOR A BETTER FRAMEWORK AS OF 2018

- ✓ Mid Term Review - swift agreement by **end December 2016**
- ✓ Legislative proposal simplifying horizontal and sectoral financial rules (omnibus):
 - Deadline for final agreement (co-decision): **end June 2017**
 - One single legislative proposal – One **single negotiation forum**
 - **Need for a consistent package:** Modifications to the 15 sectorial legal acts translate the new possibilities introduced in the Financial Regulation.



THANK YOU